

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05

SS-15 STR-05 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 FEA-01 AF-10 ARA-10 NEA-10 /141 W

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 2463

INFO ALL OECD CAPITALS

AMEMBASSY TOKYO

USMISSION GENEVA

LIMITED OFFICIAL USE PARIS 35056

EO 11652: N/A

TAGS: ETRD FR EIND

SUBJECT: INITIAL FRENCH REACTIONS TO SOLOMON STEEL
RECOMMENDATIONS

1. ON NOVEMBER 29 JOHN RAY, DIRECTOR OF THE DEPARTMENT OF THE TREASURY'S OFFICE OF INTERNATIONAL TRADE, ACCOMPANIES BY EMBASSY OFFICER, MET WITH JEAN PREVEL, SECTION CHIEF, AND MARC TESSIER, OF THE FRENCH MINISTRY OF FOREIGN TRADE'S "DIRECTION DES RELATIONS ECONOMIQUES EXTERIEURS" TO EXPLAIN THE RECOMMENDATIONS OF THE SOLOMON TASK FORCE ON STEEL.

2. THE FRENCH REPRESENTATIVES EXPRESSED THE FOLLOWING UNOFFICIAL CONCERNS:

-- THE SYSTEM PROVIDES NO ADVANTAGES FOR HIGHER COST PRODUCERS WHO SELL ABOVE THE REFERENCE PRICE BUT BELOW COST.

-- THE SYSTEM IS THE RESULT OF AN APPROACH TO THE LIMITED OFFICIAL USE

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PROBLEM WHICH REFLECTS MOSTLY THE JAPANESE AND AMERICAN POINTS OF VIEW. THE FRENCH WOULD PREFER A MULTILATERAL SOLUTION WITH MORE UNIVERSAL APPLICATION.

-- THE SETTING OF THE REFERENCE PRICES WILL BE VERY DIFFICULT. IF THE PRICES ARE AT A SMALL DISCOUNT (ESTIMATED AT LESS THAN 10 PERCENT) FROM US DOMESTIC PRICES, IMPORT SALES WILL BE HALTED. IF THE

PRICES ARE AT TOO GREAT A DISCOUNT, THEY WILL HAVE NO EFFECT, AND THE PROBLEM--"EXCESSIVE" STEEL IMPORTS AND "SYSTEMATIC" ANTI-DUMPING ACTIONS--WILL CONTINUE. -- THE FRENCH WISH TO BE ASSURED THAT THEIR TRADITIONAL STEEL TRADE WILL NOT BE AFFECTED. THEY FIND THE LACK OF QUANTITATIVE RESTRICTIONS DISTURBING.

3. IN CONNECTION WITH THE LAST POINT, WE WERE INFORMED THAT THE CONTEMPLATED EC ACTION VIS-A-VIS IMPORTS FROM EASTERN EUROPE AND SPAIN WILL BE A LIMITATION OF THE TOTAL VALUE OF STEEL IMPORTS FROM THESE COUNTRIES. THEY HOPE THAT THIS METHOD WILL ELIMINATE THE INCENTIVE FOR THESE EXPORTERS TO BE PRICE LEADERS IN A DOWNWARD DIRECTION.

4. COMMENT. IN GENERAL THE FRENCH ARE ADOPTING AN ATTITUDE OF WAIT AND SEE. HOWEVER, PREVEL TOLD RAY THAT THE FRENCH WILL COMPLAIN BITTERLY IF THERE IS A COMPLETE HALT OF US STEEL IMPORTS FROM FRANCE. HARTMAN

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Copy: SINGLE
Sent Date: 01-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
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